



The Health Care Safety Net & Costs of Uninsurance

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† standard disclaimer applies



What is the Safety Net?

“Those providers that organize and deliver a significant level of health care and other related services to the uninsured, Medicaid, and other vulnerable patients.”

--America's Health Care Safety Net

Institute of Medicine, 2000



What Supports the Safety Net?

1: Mission & Mandates

- All give some reduced-fee care, “core” does most
- Mission
 - Not-for-profit & professional ethic
- Mandates
 - Hospitals in particular have legal obligations (eg, EMTALA)
 - Federally qualified health centers (FQHCs) must provide free or reduced-price care
 - Physicians have few legal duties
- Provider location also affects patient mix



What Supports the Safety Net?

2: Money

- Federal grants and state/local sponsorship and support of clinics
- Medicaid and Medicare DSH payments
- Cost-based Medicaid payment to FQHCs
- Donated time and services of caregivers
- Revenues from insured/paying patients



Uninsured Costs, Nat'l, 2004

- Total for uninsured, full or part year ~ \$125 B
- Uncompensated care ~ \$40.7 B (1/3 of total)
- Almost 2/3 of cost is hospital care, 18-19% each for clinics and physicians (2001)



The District's Safety Net

- 7 general hospitals & Children's
- Independent clinics
 - 2 FQHCs with 27 sites
 - 12 others with 13 sites
- Hospital-affiliated clinics
 - 14 sites; 11 for children
- Physician offices (unquantified)



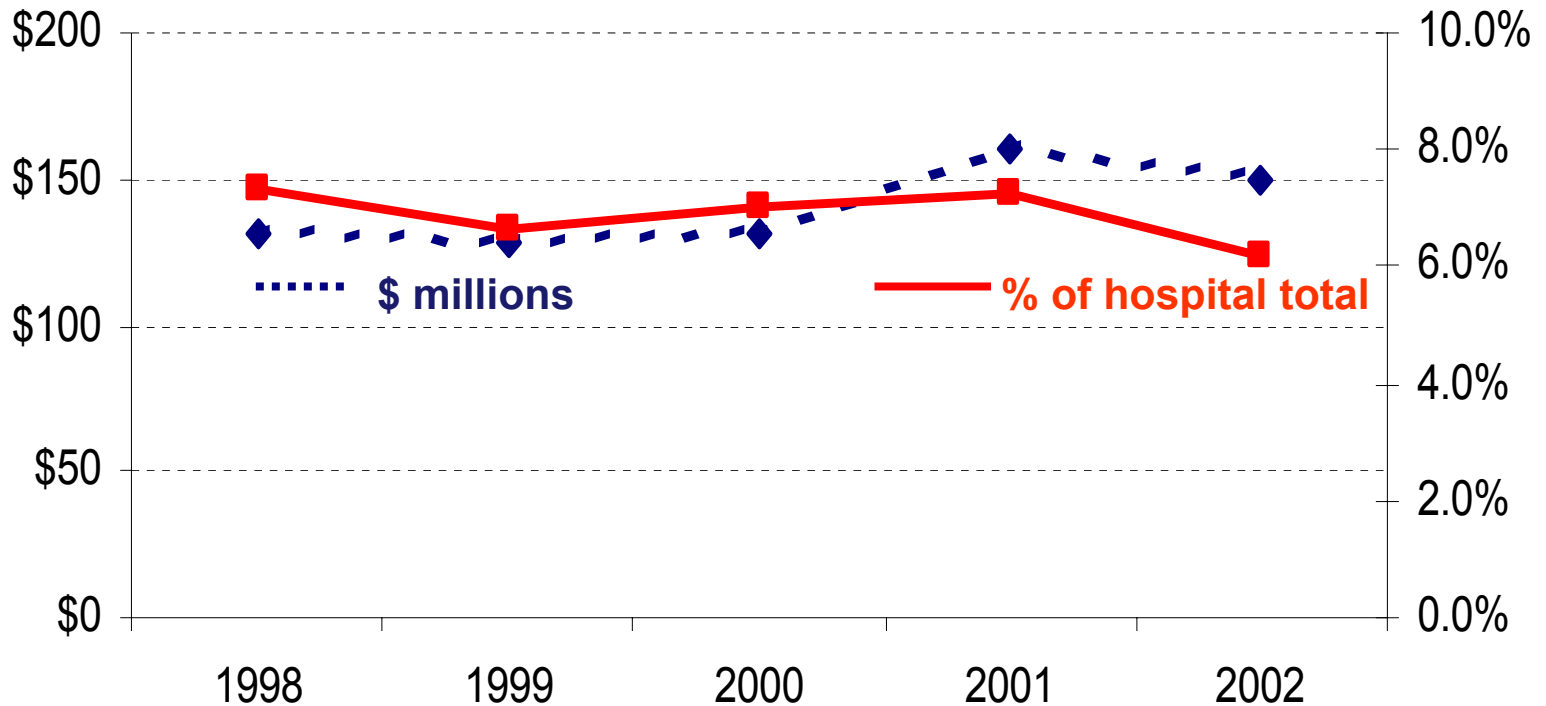
Uncompensated Care in District

- Hospital uncompensated care
 - \$150.3 M in 2002
 - ~ 6.4% of hospital total (some non-District residents)
- Clinics
 - 4.6% of payment sources is patient self-funding
 - almost 90% is Alliance & Medicaid
- Physicians ???



Hospital Uninsured Care

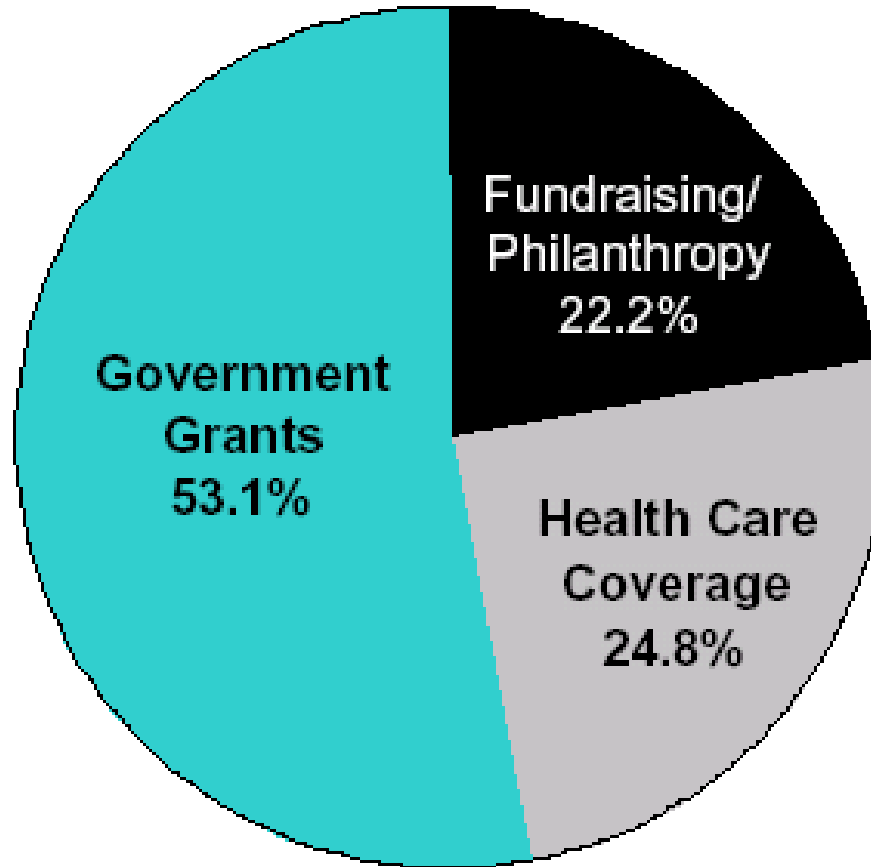
Dollars up, %age share down - small shifts



Note: excludes DC General (early years), psychiatric & federal hospitals
Source: 2002 DCHA Financial Indicators Survey



Primary Care Safety Net Funding (2002)



Medicaid?



Pressures on the Safety Net

- Rising uninsurance nationally
- Higher health care costs generally
- Less generous private insurance (e.g., high deductibles and copayments)
 - Both raise demands on safety net
- Medicaid managed care and budget cuts have constrained revenues to safety net



Questions for the Project

- What is being spent in the District on care for people who are uninsured?
- What is being spent on uncompensated care for non-District residents?
- How many uninsured residents are eligible for Medicaid or SCHIP?
- How should Medical Homes be funded?
- What does expanded insurance mean for patients, for safety-net providers?



Back-upslides follow



Uncompensated Care

(national, 2004, \$ billions)

Total = \$40.7 billion

**Adults, Full-Year
Uninsured**

\$26.3

\$8.8

**Adults, Part-Year
Uninsured**

\$1.8

**Children, Part-Year
Uninsured**

\$3.6

**Children, Full-Year
Uninsured**

Uncompensated Care

Adults – \$35.1 b

Children – \$5.4 b

Full-Year Uninsured – \$30.1 b

Part-Year Uninsured – \$10.6 b

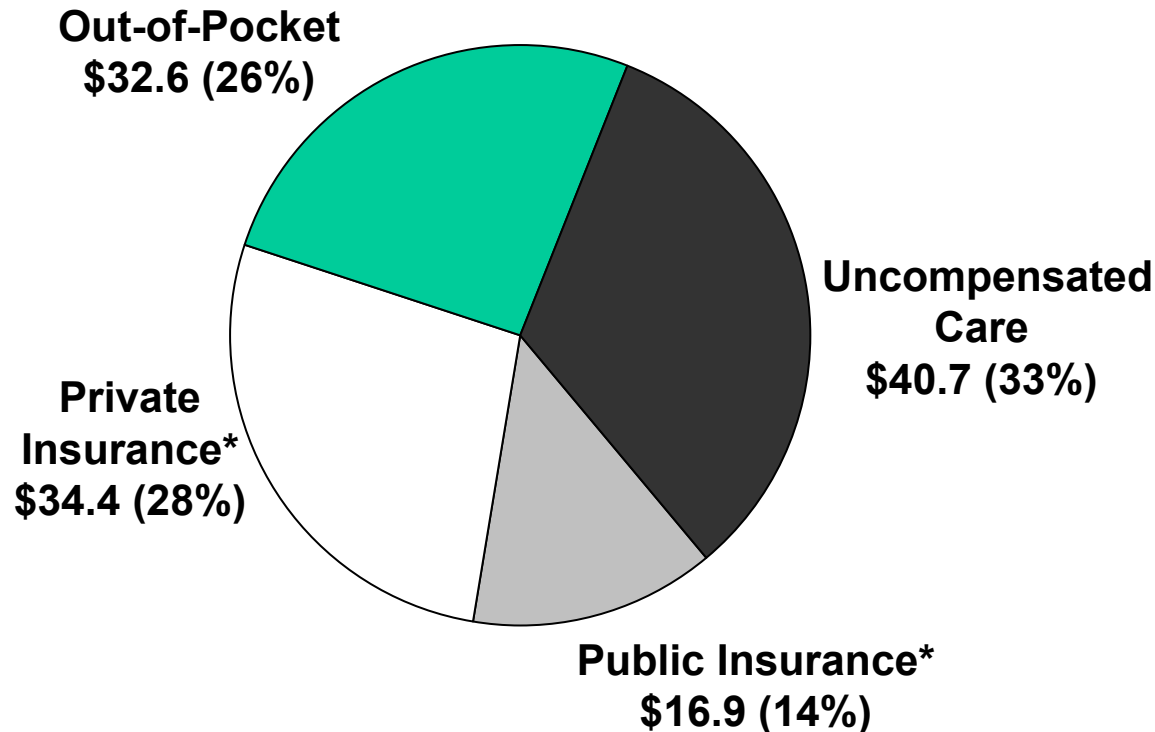
Note: Data may not total due to rounding.

SOURCE: Hadley and Holahan analysis of 1998 – 2000 MEPS data, 2004.



Amount, Sources of Payment for Care to Full-Year and Part-Year Uninsured

Total = \$124.5 Billion, 2004



Note: Includes payments for people uninsured all-year and for only part of the year.

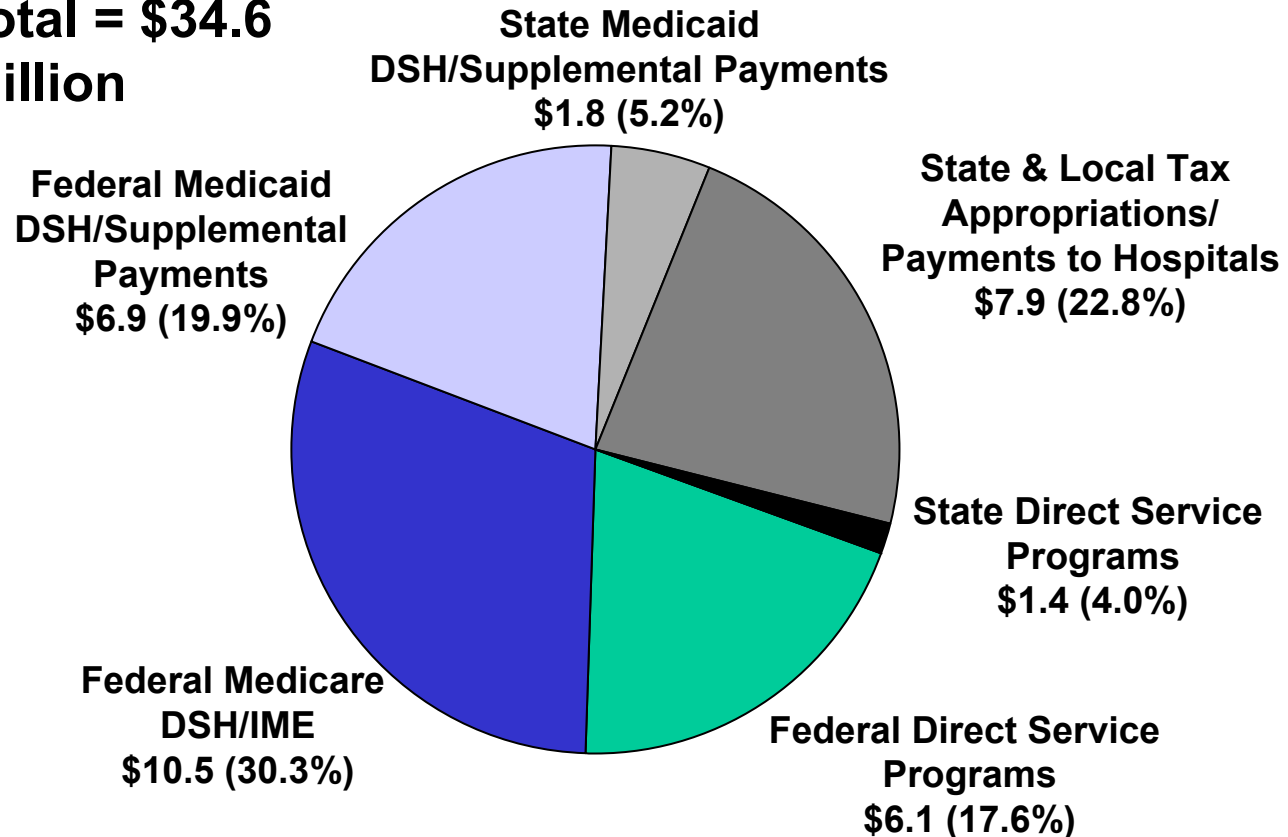
* Payments for part of year when part-year uninsured have coverage

SOURCE: Hadley and Holahan analysis of 1998 – 2000 MEPS data, 2004.



Total Government Spending Available for the Uninsured

**2004 Total = \$34.6
Billion**

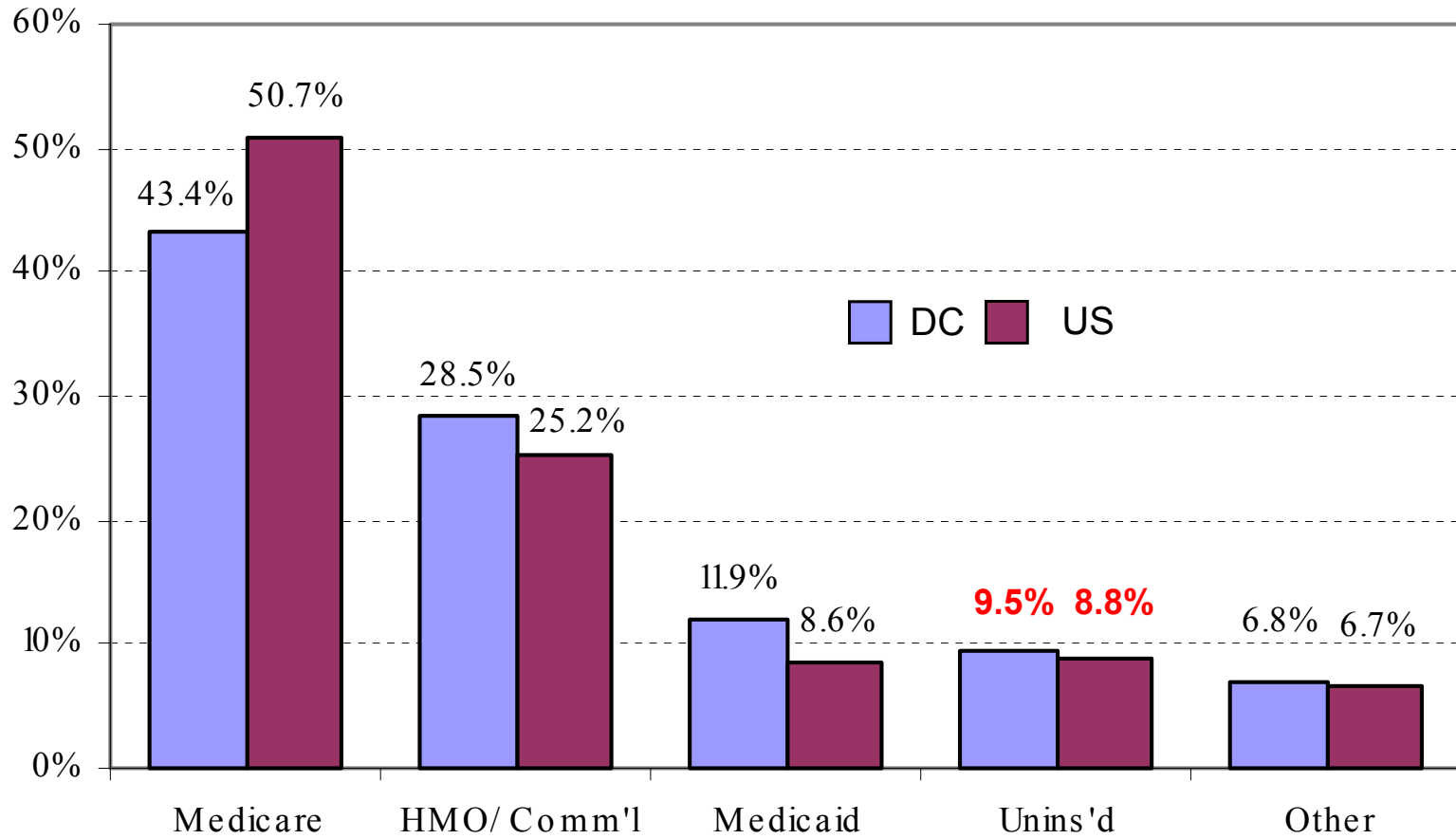


SOURCE: Hadley and Holahan analysis of March 2004 CBO Baseline for Medicaid and Medicare data; estimates of state and local spending and other government programs taken from earlier estimates adjusted to 2004.



Uninsured Care in DC ~ US

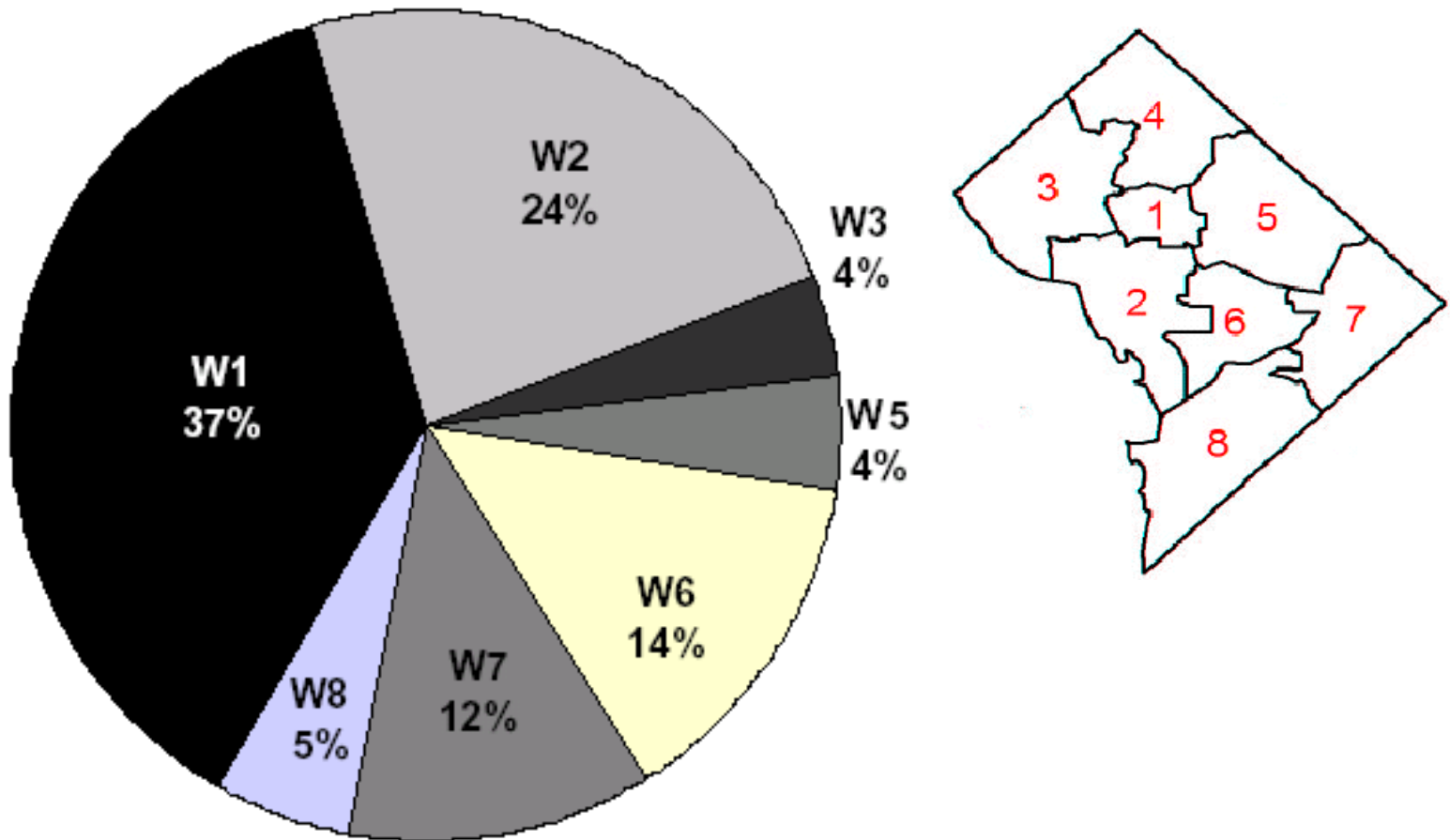
(2002 DC & US Hospital Discharges by Payer)





Primary Care Safety Net, by Ward

2002 Patient Encounters



Source: DCPCA Survey

Miller, slide 17



Trends in Hospital Uncompensated Care

Hospital	2000	2001	2002
Children's	15.08%	12.29%	10.12%
George Washington U	6.36%	5.37%	3.54%
Georgetown U	3.95%	3.06%	2.94%
Greater Southeast	5.93%	6.14%	6.66%
Hadley Memorial	2.09%	0.33%	
Howard U	12.10%	16.78%	13.10%
National Rehab.	3.12%	1.89%	1.39%
Providence	5.73%	5.77%	5.44%
Sibley	2.88%	3.18%	2.42%
Wash. Hospital Center	5.61%	6.34%	6.02%
District Ave.	7.02%	7.24%	6.36%
Total UC (\$ millions)	\$131.2 M	\$161.4 M	\$150.3 M

Three hospitals account for 70% of uncomp. care